

Ruling 410-97-2

Issued: December 30, 1997

Effective: December 30, 1997

A ruling has been requested concerning the application of the Gross Receipts and Compensating Tax Act to the following situation:

C, a chamber of commerce, has been granted exemption from federal income taxation under Section 501(c)(6) of the Internal Revenue Code. C has a contract with a New Mexico county to operate the county's visitor's center and to perform other projects to promote the local area. One of these projects is to produce a visitor guide for the county; C sells ad placements in the guide to businesses in the community.

C asks if C must pay gross receipts tax on the revenue generated by the visitor guide ad sales since the promotion of the local area is a typical activity for chambers of commerce.

Subsection B of Section 7-9-29 NMSA 1978 (1995 Repl. Pam) provides an exemption from the gross receipts tax for:

... receipts from carrying on chamber of commerce, visitor bureau and convention bureau functions of organizations that demonstrate to the department that they have been granted exemption from federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(6) of the United States Internal Revenue Code of 1954, as amended or renumbered.

3 NMAC 2.29.9 states: "For the purposes of the exemption provided by Subsection B of Section 7-9-29, a chamber of commerce, visitor bureau or convention bureau function is an activity commonly, usually or typically carried on by such an organization." Providing a visitor guide is a common activity of a chamber of commerce, visitor bureau or convention bureau. Therefore, C's receipts from visitor guide ad sales are exempt from gross receipts tax.